

Message Text

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AMCONSUL MEDELLIN

AMCONSUL CALI

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SUBJ: USDOC REQUEST FOR PRELIMINARY MARKET STUDY-WOOD PROCESSING
OPERATIONS

REF: STATE-126194

SUMMARY: BASED ON MARKET INFORMATION UNCOVERED BY BOGOTA MARKET ANALYSIS UNIT (MAU), WHILE PROSPECTS FOR US EXPORTS OF WOOD PROCESSING EQUIPMENT TO COLOMBIA ARE POTENTIALLY GOOD, COLOMBIA'S APPLICATION OF A RELATIVELY HIGH LEVEL OF TARIFF PROTECTION (CURRENTLY 40 P/C BUT INCREASING TO 60 P/C ON 1/1/76) ACROSS THE BOARD ON ALL WOOD PROCESSING EQUIPMENT, I. E. INCLUDING EQUIPMENT NOT PRODUCED LOCALLY, SIGNIFICANTLY REDUCES THE POTENTIAL FOR DIRECT SALES IN FAVOR OF POSSIBLE JOINT VENTURES.

2. AN ESTIMATED 400 MECHANIZED AND 900 MANUAL SAWMILLS IN OPERATION NATIONWIDE WITH 45 P/C OF MECHANIZED MILLS LOCATED IN PACIFIC REGION, WHICH IS BY FAR THE MOST IMPORTANT TIMBER YIELDING AREA WITH AN ANNUAL PRODUCTION OF 45 MILLION BOARD FEET OR 67 P/C OF NATIONAL PRODUCTION, DUE TO RELATIVELY HIGH FREQUENCY AND HOMOGENEITY OF TIMBER YIELDING SPECIES.

3. RECENT SURVEY BY NATIONAL INSTITUTE FOR NATURAL RESOURCES-
INDERANA-OF 197 SAWMILLS PRODUCED FOLLOWING DATA:

A. SIZE BY POTENTIAL PRODUCTION IN 8-HR SHIFT.

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(CATEGORY)	(POTENTIAL PRODUCTION IN M2)	(NUMBER)	(P/C)
VERY SMALL	UP TO 4.9	41	20
SMALL	5.0 TO 9.9	60	31
MEDIUM	10.0 TO 14.9	43	22
LARGE	15.0 TO 24.0	44	22
VERY LARGE	25.0 AND UP	O	T
		197	100

B. AVERAGE AGE OF SAWMILL EQUIPMENT VARIES FROM NEWEST IN THE PACIFIC REGION-5 YEARS, TO OLDEST IN ATLANTIC REGION-10 YEARS.

SAWMILL MACHINERY BY AGE DISTRIBUTION:

(AGE IN YEARS)	(P/C)
0-5	50
TA10	29
10-20	16
20-30	3
30	2
	100

C. CURRENT LEVEL OF INVESTMENT IN SAWMILL MACHINERY

(SIZE)	NUMBER OF SAWMILLS	AVERAGE INVESTMENT IN THOUSANDS OF US DOLLARS
VERY SMALL	SYRQ	HT 5.5
SMALLERB	60	8.0
MEDIUM	43	14.3
LARGE	44	18.2
VERY LARGE	7	160.7
XTRA LARGE		
(SPECIAL CASE)	2	440.0
,#	197	

E. AT CURRENT EXCHANGE RATE OF \$ 25.65 PESOS/US DOLLAR.

4. UNDER DECISION 57 OF ANDEAN PACT CONCERNING SECTORAL DEVELOPMENT
PLAN FOR METAL WORKING SECTOR, COLOMBIA ASSIGNED PRODUCTION OF WOOD
WORKING MACHINERY CURRENTLY PRODUCED LOCALLY (SEE BELOW) BY 2
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COLOMBIAN MANUFACTURERS:

HURTADO HERMANOS, CALLE 24A NO. 24-48, APARTADO AEREO 6868,
XBGOTA AND FRANCO HERMANOS-OSMA, CARRERA 35 NG
M 13-97,
APARTADO AEREO 3677, BOGOTA, AN AD-VALOREM (CIF) IMPORT DUTY OF
40 P/C IS CURRENTLY APPLIED TO ALL WOOD PROCESSING MACHINERY,
WHICH WILL INCREASE TO 60 P/C ON 1/1/76 WITH IMPLEMENTATION OF

COMMON ANDEN EXTERNAL TARIFF. FOLLOWING WOOD WORKIND EQUIPMENT CURRENTLY PRODUCED LOCALLY: CONTINUOUS BELT SAWS MOUNTED ON TABLE CONTINUOUS BELT RESAWING SAWS, BENCH CIRCULAR SAWS, PLANERS, DW MATCHERS AND PLANERS, SMOOTHING (OR FINISHING) PLANERS, MILLING MACHINES, WOOD BORERS MOY TES ON PEDESTAL, LATHER MOUNTED ON PEDESTAL, PRECISION SHEARS, HORIZONTAL BELT SANDERS, BELT SHARPENING EQUIPMENT, AND SAW SHARPENERS AND GRINDERS.

5. LOCAL WOOD PROCESSORS HAVE PETIONED INDEREMA TO PROPOSE TO MINISTRY OF DEVELOPMENT THAT TARIFF PROTECTION BE LIMITED TO WOOD WORKING MACHINERY PRODUCED IN COUNTRY (SEE PARA 4).

6. TOTAL IMPORTS OF WOOD WORKING MACHINERY HAVE VARIED IRREGULARLY, PERHAPS CORRESPONDING TO IMPLEMENTATION OF MAJOR PROJECTS.

(YEAR)

7 (VALUE IN THOUSANDS OF)
(US DOLLARS)

1969	236
1970	2,122
1971	587
1972	455

7. MAJORITY OF ABOVE IMPORTS MADE BY WOOD PROCESSING PLANTS CONSTITUTED AS FOLLOWS:

(TYPE OF WOOD PROCESSING)	(NUMBER OF FIRMS)
PLYWOOD	6
WOOD FIBER BD.	13
WOOD VENEERS	11
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WOOD PULP	14
	25

8. WITH THE RELATIVELY HIGH LEVEL OF TARIFF PROTECTION (40 P/C) NOTED ABOVE, AND AN EVEN HIGHER RATE (60 P/C) BY 1/1/76, APPLICABLE ACROSS THE BOARD TO WOOD PROCESSING EQUIPMENT, WHETHER PRODUCED LOCALLY OR NOT, PROSPECTS FOR DIRECT SALES ARE REDUCED CONSIDERABLY, HOWEVER, PARI PASSU, PROSPECTS FOR JOINT VENTURES TO MANUFACTURE EQUIPMENT NOT CURRENTLY PRODUCED DOMESTICALLY ARE ENHANCED.

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